

Role of AMIS in Resolving Information Asymmetries in Agricultural Markets: Guidelines for AMIS Design

POLICY BRIEF

Though many attempts have been made by a number of governments to provide Agricultural Market Information System (AMIS), the success rate is poor. Two major reasons are economic unsustainability and ineffective implementation. There are not many farmers who can pay for these services. These services have to be offered as a “public good”. At the same time, when such services are not financially sustainable, they are a drain on public resources. From a review of existing literature, we come up with some guidelines for designing AMIS for economic sustainability and effectiveness while defining the processes for data collection and information dissemination.

KEY RECOMMENDATIONS

Data collection and analysis

To ensure that there is no bias towards any perceived advantage, the process of data collection and analysis must be funded by the Government, whereas private agencies can be involved for providing skilled resources as well as for data collection and analysis. The data collectors must be full time employees solely responsible for the job of data collection and they must be sufficiently trained to identify and report the right prices. Data must be collected from the markets during the peak trading time, units of measure used in collecting data must be standardized and the design process must also identify the number of markets that have to be surveyed.

Dissemination

There is an urgent need to create public-private-community partnerships in agricultural information delivery, sharing and exchange to and between users. For maximum utilization of information, it is important that information is available to all the people who need it. Modes of information dissemination must be decided based on the technologies available locally and their accessibility to the target audience; during the design stage, broadcast media, such as community radio, which is best practice in some countries, should be considered, along with possible sponsors for these broadcasts.

Revenue model

To make AMIS more economically sustainable and at the same time equitable, basic information on prices and market conditions must be free to the target audience and the extension services must be provided on a pay per use basis. The design of AMIS must target increasing the perceived value of these services and mobile phone services are a good means of providing specific information.

JUSTIFICATION

Provision of AMIS involves coordination of two processes. They are data collection and information dissemination. Prior research has investigated the spread and use of AMIS in least developed countries in terms of users, management, funding, infrastructure and data. Findings show that, for AMIS to succeed as a development initiative, it has to be designed for economic sustainability and effectiveness. That is, it has to be financially independent and at the same time provide relevant, timely and correct information. We have specifically focused on small-scale farmers in South Asia. Having analysed prior research in AMIS and case studies of AMIS, we have come up with certain guidelines for designing AMIS for economic sustainability and effectiveness.

Following are some of the findings from the case studies:

- In India, e-Choupal is a private sector initiative that was setup with a unique idea of developing a business relationship with the farmers by providing them with real-time information on market prices. This is a robust and sustainable effort as the costs of providing the information is borne by the private firm.
- Indonesian market information system was setup in 1978 and the success of this project can be attributed to the fact that the planning process was very elaborate and they could very clearly identify the beneficiaries and their needs. They identified farmers as the beneficiaries who were most interested in farm level prices for vegetables. They had dedicated staff to collect information and they were trained annually. Prices were collected at different timings of the day from different markets from Monday to Friday and the average price was sent for dissemination at the same time every day.
- In the case of South Korea's Agricultural Information Service, data is analyzed for domestic and international agricultural trends, profitability analysis of agricultural and livestock production etc. and all national institutes are integrated into a high speed network to let farmers have the latest information. Their service provides customized services to farmers to help them resolve their specific problems. They also offer training courses to farmers and have subject matter specialists to serve as lecturers.
- In Zambia (ZAMIS, Zambia Market Information Systems), market information is disseminated by radio stations and to make it economically sustainable, they take the support of local organizations (local bank) in the form of sponsorships.
- Market Information systems in many countries, including India, South Korea, Indonesia, Thailand and Vietnam have SMS services through cellular telephones for market prices of agricultural commodities. Many of these systems are commercial and operated by the private sector.
- Nepal and Srilanka have successfully used community radio to broadcast agricultural commodity prices. Kothmale Community Radio is a project aimed at providing information to marginalized communities in Srilanka and the information provided is contextualized and explained to the listeners to increase the usefulness.

Socio-political situations limit the effective utilization of market information by the farmers. They have limited outlets for their produce and they are bound by traditional trading relationships with middlemen. These relations are generally due to their dependence on traders for credit or some other local political or social settings. Thus the success of such an information system also depends upon the wider policy environment that prevails in the country. Further research can study and explore how the policies can be framed to remove the socio-political barriers of utilization of this information by the farmers. Specifically the policies on credit, financial inclusion, public distribution and direct-to-market will have a bearing on the utilization of the information from AMIS. We have noted that community radio is a very effective medium for market information dissemination. Community informatics plays a major role in the information dissemination process of AMIS.

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